

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

# A Bill

Act 583 of 1999  
HOUSE BILL 1519

5 By: Representative Laverty  
6  
7

## For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 14-26-104 PERTAINING TO  
10 COVERAGE OF WORKERS' COMPENSATION THROUGH SELF-  
11 FUNDING; AND FOR OTHER PURPOSES. "

## Subtitle

13 "TO AMEND ARKANSAS CODE 14-26-104  
14 PERTAINING TO COVERAGE OF WORKERS'  
15 COMPENSATION THROUGH SELF-FUNDING. "  
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17  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code 14-26-104(b) is amended to read as follows:

22 "(b) Self-funding groups established for this purpose shall meet the  
23 following requirements:

24 (1) Any such group established to provide such coverage to  
25 counties only shall offer coverage to any county in the state that applies for  
26 such coverage;

27 (2) Any such group established to provide coverage for both  
28 municipalities and counties shall offer coverage to any municipality or county  
29 in the state desiring to participate therein;

30 (3) Any group established to provide workers' compensation  
31 coverage to counties or to counties and municipalities shall offer such  
32 coverage at rates as established and filed with the Workers' Compensation  
33 Commission by the organization establishing the self-funding group, and rates  
34 for counties participating in any such group shall be revised annually based  
35 on the cost experience of the particular county, or group of counties, or  
36 group of municipalities and counties; and

1 (4)(A) Any self-funding group of participating municipalities or  
2 counties which is governed by a board of trustees of elected municipal or  
3 county officials shall be subject to the regulations of the Workers'  
4 Compensation Commission applicable to self-insured groups or providers.  
5 However, cities and counties shall not be required to enter into an indemnity  
6 agreement binding them jointly and severally.

7 (i) Each board governing a self-funded group shall be  
8 permitted to declare dividends or give credits against renewal premiums based  
9 on annual loss experience.

10 (ii) All self-funded groups shall obtain excess  
11 reinsurance from an admitted or approved insurance company doing business in  
12 Arkansas.

13 (B) However, in lieu of the reinsurance requirements in  
14 subdivision (b)(4)(A), any self-funded group under this section with one  
15 million five hundred thousand dollars (\$1,500,000) or more in annually  
16 collected premiums may provide excess reserves of twenty percent (20%) of  
17 annual premiums by any one of the following ways:

18 (i) Cash or certificates of deposit in Arkansas  
19 banks;

20 (ii) Letters of credit from an Arkansas bank; or

21 (iii) Purchase of reinsurance from the National  
22 League of Cities' Reinsurance Company or County Reinsurance, Limited, a  
23 national reinsurance facility for county governments."

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25 SECTION 2. All provisions of this act of a general and permanent nature  
26 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
27 Revision Commission shall incorporate the same in the Code.

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29 SECTION 3. If any provision of this act or the application thereof to  
30 any person or circumstance is held invalid, such invalidity shall not affect  
31 other provisions or applications of the act which can be given effect without  
32 the invalid provision or application, and to this end the provisions of this  
33 act are declared to be severable.

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35 SECTION 4. All laws and parts of laws in conflict with this act are hereby  
36 repealed.

APPROVED: 3/15/1999